



3595 Spaulding Avenue • Pueblo, Colorado 81008  
Phone 719.253.BANK (2265) • Fax 719.543-5005 • www.scnbanks.com

*21*  
*(D. Promani)*

2005 OCT 3 AM 10 49

September 20, 2005

Mr. John F. Carter  
Regional Director  
Federal Deposit Insurance Corporation  
25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, CA 95105

**Re: Comments Regarding FDIC Application #20051977; Wal-Mart  
Application for Insurance and Industrial Bank Charter**

Dear Mr. Carter:

I am writing to oppose the application of Wal-Mart Stores, Inc., for Federal deposit insurance coverage for an ILC charter in Utah. I am a community banker and believe strongly that allowing Wal-Mart to own a bank charter and potentially open branches in its network of stores would do irreparable harm to the communities we serve, as well as my institution, and pose a severe systemic risk to our nation's economy.

I am aware that Wal-Mart has stated that it intends to operate a limited ILC charter in Utah. Honestly, I am skeptical. Their assurances that the operation will remain narrow ring hollow when you look at the company's history and corporate philosophy and when you consider that this is Wal-Mart's fourth attempt to get into the banking business. Wal-Mart's CEO says he wants to grow the company and provide financial services to its customers. It is not much of a stretch to conclude that somewhere down the road, Wal-Mart will be amending its business plan to allow its stores to offer a full array of banking services.

Wal-Mart has a long history of destabilizing communities by undercutting prices of local merchants and driving them out of business. That is not a theory, it is a fact. For example, when Wal-Mart entered Iowa, 50% of clothing stores, 30% of hardware stores, 42% of variety stores, 26% of department stores, and 25% of building materials stores were driven out of business. Were Iowa consumers well served by eliminating Wal-Mart's competitors and denying consumer choice? I think not. Think of the economic consequences of those statistics, and the impact it had on the state of Iowa! Communities often recover quickly from natural disasters; man-made ones are much longer lasting. The statistics noted here are more than just statistics; they represent the economic realities of Wal-Mart's business practices on Main Street USA.

I have personally witnessed the results of Wal-Mart's business practices in action in rural Colorado. The results were not pretty. The rural communities where I have lived and worked for over 20 years have seen their once thriving Main Street business districts



devastated by this corporate giant and all I can say is: they should not be allowed to expand their practices in the manner they are requesting.

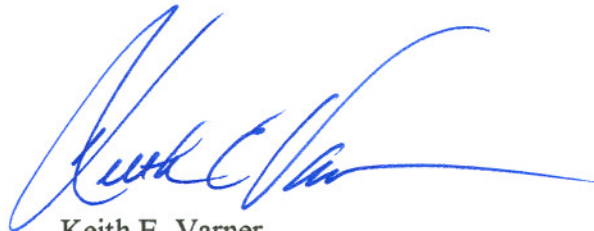
I am not naïve enough to think that Wal-Mart opened stores in those communities to be civic partners with local merchants; they opened stores to drive local merchants out of business and steal their customers, which is exactly what they did. One doesn't have to have high powered lenses to see that the largest company in the world could do the same thing to community banks. I believe that it would be ill-advised for FDIC to set this nation on a course that could result in the demise of the community banking industry as we know it today.

Congress has reaffirmed our nation's long standing policy against the mixing of banking and commerce, and with good reason. Mixing banking and commerce would create serious conflicts of interest and distort credit decisions. The impartial allocation of credit is the linchpin of our financial system and must be preserved. Would a Wal-Mart Bank offer credit at reasonable terms to its competitors? Would Wal-Mart require its suppliers to bank at the Wal-Mart bank?

Even more importantly, the largest company in the world owning a bank would produce a dangerous concentration of economic power and resources that would pose severe systemic risks to our economy. Think what would have happened if Enron owned a bank? Or Worldcom? It could have exposed the FDIC fund to enormous liability and pulled down our entire financial system. Our nation cannot afford to take that risk to save Wal-Mart a couple of pennies on each credit and debit card transaction.

For the sake of the community banks of our nation and the customers and communities we serve, I implore you to not allow Wal-Mart to get into the banking business. Make a statement for fair competition and consumer choice, as well as for the long term financial strength of our banking industry by denying Wal-Mart's application for deposit insurance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Keith E. Varner', with a long, sweeping horizontal line extending to the right.

Keith E. Varner  
President/CEO